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Message Text

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64
ACTION EB-11

INFO OCT-01 ARA-16 ISO-00 AGR-20 AID-20 IO-14 RSC-01

COME-00 TRSE-00 SWF-02 CIAE-00 DODE-00 INR-10 NSAE-00

PA-04 USIA-15 PRS-01 SPC-03 TAR-02 L-03 LAB-06 SIL-01

OMB-01 FEA-02 SCI-06 STR-08 DRC-01 /148 W
---------- 075385
R 122207Z MAR 74
FM AMEMBASSY PANAMA
TO SECSTATE WASHDC 0071
INFO AMEMBASSY BOGOTA
AMEMBASSY GUATEMALA
AMEMBASSY MANAGUA
RUESQIPXAMCONSUL GUAYAQUIL 244
AMEMBASSY QUITO
AMEMBASSY SAN JOSE
AMEMBASSY BRASILIA
AMEMBASSY SAN SALVADOR
AMEMBASSY TEGUCIGALPA

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EO 11652: N/A
TAGS: ETDR, PN
SUBJ: COOPERATION AMONG BANANA EXPORTERS

REF: PANAMA 1363

SUMMARY: AGREEMENT WAS REACHED AMONG SEVEN BANANA PRO-
DUCING COUNTRIES TO PLACE EXPORT TAX ON BANANAS OF $1.05
PER 20 KILO BOX EXPORTED, WITH EXCEPTION OF ECUADOR
WHICH WOULD IMPOSE EXPORT TAX OF 41.5 CENTS PER BOX.
PRESS REPORTS THAT PRESIDENTS OF HONDURAS AND COSTA
RICA AND GENERAL OMAR TORRIJOS, PANAMA'S CHIEF OF GOV-
ERNMENT, WILL MEET WITH EXECUTIVES OF DEL MONTE, UNITED
BRANDS AND STANDARD FRUIT AT TEGUCIGALPA ON MARCH 14 TO
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DISCUSS THE TAX. ORGANIZATION OF BANANA EXPORTING

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COUNTRIES (UNIO DE PAISES EXPORTADORES DE BANANO - UPEB) WAS FORMED. PRIVATE INDUSTRY SOURCE BELIEVES THAT EXPORT TAX MAY BE PREJUDICIAL TO INDUSTRY.

1. DELEGATIONS TO BANANA TALKS FROM COLOMBIA, COSTA RICA, ECUADOR, GUATEMALA, HONDURAS, NICARAGUA AND PANAMA REACHED AGREEMENT TO PLACE AN EXPORT TAX OF $1.05 PER 20 KILO BOX OF BANANAS EXPORTED. AN EXCEPTION WAS MADE FOR ECUADOR WHICH WOULD IMPOSE AN EXPORT TAX OF 41.5 CENTS PER 20 KILO BOX BECAUSE OF THE LONGER HAUL TO MARKET. GOP MINISTER OF COMMERCE AND INDUSTRIES MANFREDO WAS QUOTED AS SAYING THE BANANA CONFERENCE AGREED UPON CORRECTIVE MEASURES (WITHOUT ELABORATION) TO KEEP SUPPLY AND DEMAND IN BALANCE. ACCORDING TO PRESS REPORTS, EXPORT TAX WAS EXPECTED TO FORCE MARKET PRICES UP IN UNITED STATES FROM 16.5 CENTS TO 20 CENTS PER POUND OF BANANAS. ECUADOR DISPLAYED THE GREATEST SKEPTICISM CONCERNING EXPORT TAX SINCE UNITED STATES ONLY CONSUMES ABOUT 20 PERCENT OF ECUADOR'S EXPORTS AND ECUADOR FACES SEVERE PRICE COMPETITION ELSEWHERE. PRESS ALSO REPORTS PRESIDENTS OF HONDURAS AND COSTA RICA AND GENERAL OMAR TORRIJOS, PANAMA'S CHIEF OF GOVERNMENT, WILL MEET AT TEGUCIGALPA ON MARCH 14 WITH EXECUTIVES OF UNITED BRANDS, STANDARD FRUIT AND DEL MONTE TO DISCUSS THE EXPORT TAX.

2. DELEGATIONS ALSO AGREED TO FORMATION OF BANANA PRODUCING GROUP, UNION OF BANANA EXPORTING COUNTRIES (UNION DE PAISES EXPORTADORES DE BANANO - UPEB), CHARGED WITH FOLLOWING:

(A) TO DEFEND BANANA PRICES, CONTRIBUTING IN THIS WAY TO MAINTENANCE OF EQUITABLE TERMS OF TRADE BETWEEEN PRODUCING AND CONSUMER COUNTRIES AND TO IMPROVEMENT IN THE LIFE OF BANANA WORKERS;

(B) TO PROMOTE COMMON POLITICES AND DESIGN MECHANISM FOR OBTAINING RATIONAL PRODUCTION AND PRICES OF BANANAS AMONG MEMBER COUNTRIES;

(C) TO COORDINATEACTIONS TO ENLARGE MARKETS AND PROMOTE BANANA
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CONSUMPTION;

(D) TO RECOMMEND MEANS TO REESTABLISH EQUILIBRIUM BETWEEN SUPPLY AND DEMAND WHEN NECESSARY;

(E) TO PROMOTE TECHNICAL COOPERATION AMONG MEMBER COUNTRIES;

(F) TO PROMOTE INDUSTRIAL USE OF THE PLANT AND FRUIT OF THE

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BANANAAS WELL AS TRADE IN ITS PRODUCTS AND SUBPRODUCTS;

(G) TO DESIGN AND PROMOTE ADOPTION OF MEANS TO DEFEND PARTICIPATION OF MEMBER COUNTRIES IN THE INTERNATIONAL BANANA MARKET.

3. EMBOFFS MET MARCH 8 WITH REPRESENTATIVE OF CHIRIQUI LAND COMPANY, OWNED BY UNITED BRANDS, WHO PROVIDED COPY OF JOINT LETTER FROM DEL MONTE, STANRARD FRUIT AND UNITED BRANDS SENT TO KOGAN, MIN. OF COMMERCE OF COSTA RICA, BENNATON, MIN. OF ECONOMY OF HONDURAS, AND ESQUIVEL, DELEGATE FROM COSTA RICA. LETTER DISCUSSED THE IMPLICATIONS OF EXPORT TAX ON BANANAS. IT WARNED OF REDUCTION IN QUANTITIES EXPORTED, INVASION OF BANANA MARKET BY NON-TRADITIONAL SUPPLIERS ENCOURAGED BY HIGHER PRICES, NON-ESSENTIAL NATURE OF BANANAS AS A FOOD, LEGAL AND ADMINISTRATIVE DIFFICULTIES IN CONTROLLING PRODUCTION AND POSSIBILITY THAT SOME PARTICIPATING COUNTRIES MIGHT NOT RATIFY THE ACCORD. COMPANY REPRESENTATIVE SAID THAT BANANA COMPANIES WERE SHOCKED AT THE LACK OF UNDERSTANDING OF THE WORLD BANANA MARKET BY GOVERNMENT OFFICIALS. HE STATED BANANA PRODUCING COUNTRY DELEGATES SEEMED TO BELIEVE THEY COULD EMULATE TACTICS EMPLOYED RECENTLY BY PETROLEUM PRODUCING STATES. COMPANY REPRE-SENTATIVE STATED HE BELIEVED BRAZIL, LARGE BANANA PRODUCER FOR INTERNAL CONSUMPTION, WOULD BEGIN LARGE EXPORTS IF PRICE WERE FORCED UP SUFFICIENTLY BY GROUP ACTION.
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Copy: SINGLE
Draft Date: 12 MAR 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: MorefiRH
Disposition Case Number: n/a
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Disposition Date: 28 MAY 2004
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TAGS: ETRD, PN, XK, UPEB-UNION OF BANANA EXPORT NATIONS, UPEB
To: STATE
Type: TE
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